

**CITY COMMISSION MEETING
Winfield, Kansas**

DATE: Monday, June 18, 2018
TIME: 5:30 p.m.
PLACE: City Commission – Community Council Room – First Floor – City Building

AGENDA

CALL TO ORDERMayor Gregory N. Thompson
ROLL CALL.....City Clerk, Brenda Peters
MINUTES OF PRECEDING MEETING.....Monday, June 04, 2018

BUSINESS FROM THE FLOOR

- Citizens to be heard

NEW BUSINESS

Ordinances & Resolutions

Bill No. 1858 – A Resolution - Authorizing the City Manager to execute a non-binding letter of agreement between the City of Winfield, Kansas and Gridliance, Irving, Texas, regarding the possible development and purchase of a portion of the electric transmission system.

OTHER BUSINESS

-Consider appointments to the Convention & Tourism Committee and the Winfield Housing Authority

ADJOURNMENT

-Annual Budget work shop to review the proposed 2019 Budget at 1:00 p.m. at the Kansas Veteran’s Home, Ploesti Room
-Next Commission work session 4:00 p.m. Thursday, June 28, 2018 at the Kansas Veteran’s Home, Ploesti Room.
-Next regular meeting 5:30 p.m. Monday, July 02, 2018.

CITY COMMISSION MEETING MINUTES
Winfield, Kansas
June 4, 2018

The Board of City Commissioners met in regular session, Monday, June 04, 2018 at 5:30 p.m. in the City Commission-Community Council Meeting Room, City Hall; Mayor Gregory N. Thompson presiding. Commissioner Phillip R. Jarvis was also present. Also in attendance were Jeremy Willmoth, City Manager, Brenda Peters, City Clerk and William E. Muret, City Attorney. Other staff members present were Gary Mangus, Assistant to the City Manager; and Patrick Steward, Director of Community Development.

Mayor Thompson noted Commissioner Hutto as absent.

Commissioner Jarvis moved that the minutes of the May 21, 2018 meeting be approved. Mayor Thompson seconded the motion. With both Commissioners voting aye, motion carried.

PUBLIC HEARING

Mayor Thompson opened a public hearing to consider the potential conflict of Kansas Community Development Block Grant (CDBG). Mr. Haney's participation in the CDBG activities is to ensure compliance with all building, fire and safety standards and regulations by on-site inspection of work performed by contractors selected through open competitive bidding by the City's grant administrator, SCKEDD. By position, Mr. Haney did not/does not participate in the decision-making process with respect to CDBG housing application, housing selection, contractor bidding, or contractor selection activities. Should a waiver of exemption be granted by the State, Mr. Haney would withdraw from his function as Building Official for inspections and approval of work performed on improvements made to his property. With no one present to speak, Mayor Thompson closed the public hearing.

BUSINESS FROM THE FLOOR

NEW BUSINESS

Bill No. 1852 – A Resolution – Authorizing the Mayor and City Clerk of the City of Winfield, Kansas, to execute a Quit Claim Deed between the City of Winfield, Kansas, and Bliss Development, LLC, regarding the transfer of real property in Stonebrook Addition, Winfield, Kansas. Director of Public Improvements Steward explains that this resolution considers approving a quit claim deed for transfer of property within Stonebrook Addition as set forth in the development agreement between the developer and the City. Steward also explains that the next step is for the City to deed the first six lots to the developer which would then allow petitions for improvements to be presented to the Commission in order to create buildable lots. Upon motion by Commissioner Jarvis, seconded by Mayor Thompson, both Commissioners voting aye, Bill No. 1852 was adopted and numbered Resolution No. 4218.

Bill No. 1853 – A Resolution – Authorizing and directing the Mayor and the City Clerk of the City of Winfield, Kansas to execute a contract for Country Club Villas for Street and Drainage Improvements, 18-TD832, between the City of Winfield, Kansas and Kansas Paving. Director of Public Improvements Steward explains that this resolution considers awarding a contract to Kansas Paving for street and drainage improvements in the Country Club Villas Development. Steward

explains that a petition was submitted by the developer in 2017 for the improvements and the developer bears the sole cost of the street and drainage improvements. Upon motion by Commissioner Jarvis, seconded by Mayor Thompson, both Commissioners voting aye, Bill No. 1853 was adopted and numbered Resolution No. 4318.

Bill No. 1854 – A Resolution – Determining the existence of certain nuisances in the City of Winfield, Kansas, and authorizing further action pursuant to the City Code of said City. Director of Public Improvements Steward explains that this resolution determines a nuisance at 611 E 14th Avenue. The property was discussed at work session last Thursday, May 31, 2018. Upon motion by Commissioner Jarvis, seconded by Mayor Thompson, both Commissioners voting aye, Bill No. 1854 was adopted and numbered Resolution No. 4418.

Bill No. 1855 – A Resolution – Authorizing and providing for improvements included in the Multi-Year Capital Improvement Plan for the City of Winfield, Kansas; and providing for the payment of the costs thereof. City Clerk Peters introduced David Arteberry with George K. Baum and Company who explains that this resolution is for the purpose of updating the City's Multi-Year Capital Improvement Plan by adding three new projects that will be funded by a temporary note issue. These projects include a SCADA system for the Water Treatment Plant, a street sweeper for the Street Department, and a water lagoon system at the Water Treatment Plant. Total added project costs are estimated at \$745,000, and this action allows for financing of the projects. Upon motion by Commissioner Jarvis, seconded by Mayor Thompson, both Commissioners voting aye, Bill No. 1855 was adopted and numbered Resolution No. 4518.

Bill No. 1856 – A Resolution – Authorizing the offering for sale of General Obligation Bonds, Series 2018-A, and General Obligation Temporary Notes, Series 2018-1, of the City of Winfield, Kansas. George K. Baum representative Arteberry explains that this resolution formally authorizes the sale of the temporary notes and the bonds. Arteberry provided staff and the Commission with the sizing calculation for both issues. Arteberry also explains that this authorization is for Temporary Note Issue Series 2018-1 and General Bond Issue Series 2018-A and that the closing date for both issues is July 2, 2018. The City will also have a rating call on June 18, 2018 with S&P, as Series 2018-A will need to be rated. Upon motion by Commissioner Jarvis, seconded by Mayor Thompson, both Commissioners voting aye, Bill No. 1856 was adopted and numbered Resolution No. 4618.

Bill No. 1857 – A Resolution – of the City of Winfield, Kansas Authorizing a tax-exempt Lease Purchase Agreement and a Taxable Supplemental Lease Purchase Agreement by the William Newton Memorial Hospital to provide funds to pay the costs of acquiring, constructing and installing building and related improvements, fixtures, equipment and furnishings and support facilities on the real property for use as a Public Hospital and certain costs of issuance, and authorizing and approving certain actions in connection therewith. City Clerk Peters introduced Gilmore & Bell representative Kevin Cowan and William Newton Hospital CFO Debbie Hockenberry. Hockenberry presented the Hospital project and all components to the Commission. Cowan then explains that the resolution will allow William Newton Memorial Hospital to secure tax-exempt financing for a portion of the project. Taking into consideration that the City (or qualified entities on behalf of the City) can only authorize up to \$10 million in tax-exempt bond financing per calendar year in order to be bank qualified, WNMH is asking to be allowed to finance an aggregate principal amount of \$2.3 million in 2018, and then another \$6.9 million in a subsequent year that the City determines appropriate after consideration of the City's future needs for financing. Cowan also states that the City has no financial obligation in

this financing transaction. Upon motion by Commissioner Jarvis, seconded by Mayor Thompson, both Commissioners voting aye, Bill No. 1857 was adopted and numbered Resolution No. 4718.

OTHER BUSINESS

-Consider Board Appointments - City Clerk Peters presented a list of board appointments for the Commission's consideration.

Commissioner Jarvis made a motion to accept the board appointments as follows:

Board of Zoning Appeals

Willie Tuttle

Building Trades Board

Mark Eastman

Brian Mayfield

Paul Fisher

City Planning Commission

Mona Mozingo

Don Williams

Convention & Tourism Committee

Peter Bhakta

Tara Duncan

Library Board

Gloria Ulbrich

Gary Brewer

Park Board

Claire Graham

Dan Tapia

Max Thompson

Senior Citizen's Advisory Board

Linda Chase

Dean Kennedy

Wm Newton Memorial Hospital Board

Joan Cales

Mayor Thompson seconded the motion. With both Commissioners voting aye, motion carried.

-Consider 25 Yard Rear Load Refuse Packer Body and Low Entry Cab/Chassis Quote - Assistant to the City Manager Mangus explains that after consideration of quotes received for a 25 Yard Rear Load Refuse Packer Body and Low Entry Cab/Chassis for use in the Refuse Department, staff recommends that the Commission accept the quote from Elliot Equipment Company for a Crane Carrier LET2-40 cab/chassis with a New Way Cobra Magnum packer body, with a trade-in of \$59,000 for a 2014 International cab/chassis with 11 yd packer body. Net to the City of \$185,176, which is under the 2018 budgeted amount of \$225,000. Commissioner Jarvis moved to accept the

bid from Elliott Equipment Company for a net cost of \$185,196. Motion was seconded by Mayor Thompson. With both Commissioners voting aye, motion carried.

-Consider CMB License for Boss Hogs Bar B Q, Jennifer Segree, 314 W 8th Ave - City Clerk Peters presented a CMB license application for Boss Hogs Bar B Q, 314 W 8th Ave for Commission consideration. The background check on the applicant by the police department and the inspection of the premises by the Fire Department are still pending. Commissioner Jarvis made a motion to approve the CMB license for Jennifer Segree, Boss Hogg Bar B Q subject to background check and inspection by the Fire Marshal. Mayor Thompson seconded the motion. With both Commissioners voting aye, motion carried.

-Executive Session to discuss matters deemed confidential under the attorney client relationship- Commissioner Jarvis made a motion that the Commission recess into executive session for consultation with the City Attorney and the City Manager which would be deemed privileged in the attorney/client relationship pursuant to the consultation with the City Attorney exception, K.S.A. 75-4319(b). The open meeting will reconvene at 6:15 p.m. No action anticipated. Motion was seconded by Mayor Thompson. With both Commissioners voting aye, motion carried.

Regular Session resumed at 6:15 p.m.

ADJOURNMENT

Upon motion by Commissioner Jarvis, seconded by Mayor Thompson, both Commissioners voting aye, the meeting adjourned at 6:16 p.m.

Signed and sealed this 15th day of June 2018.

Signed and approved this 18th day of June 2018.

Brenda Peters, City Clerk

Gregory N. Thompson, Mayor

A RESOLUTION

AUTHORIZING and directing the City Manager of the City of Winfield, Kansas, to execute a non-binding letter of agreement with Gridliance, Irving, Texas regarding the possible development and purchase of a portion of the City’s transmission facilities.

WHEREAS, on April 4, 2018, South Central, KPP and Winfield entered into a letter agreement providing for exclusive negotiations concerning the transaction; and

WHEREAS, the City of Winfield has interest in the transaction to both preserve current transmission revenue and share in the risk of transmission ownership; and,

WHEREAS, GridLiance commits to support the community of Winfield and its economic development initiatives;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WINFIELD, KANSAS, THAT:

Section 1. The City Manager of the City of Winfield, Kansas is hereby authorized to execute a non-binding letter of agreement with Gridliance regarding the possible development and purchase of a portion of the City’s transmission facilities, a copy of which is attached hereto and made a part thereof the same as if fully set forth herein.

Section 2. This resolution shall be in full force and effect from and after its adoption.

ADOPTED this 18th day of June, 2018.

(SEAL)

Gregory N. Thompson, Mayor

ATTEST:

Brenda Peters, City Clerk

Approved as to form: _____
William E. Muret, City Attorney

Approved for Commission action: _____
Jeremy Willmoth, City Manager

DRAFT 6/11/18

June [], 2018

Mr. Jeremy Wilmoth, City Manager
City of Winfield
200 East 9th Avenue
Winfield, Kansas 67156

Mr. Mark Chesney, General Manager and Chief Executive Officer
The Kansas Power Pool, a municipal energy agency
100 N Broadway, Suite L110
Wichita, KS 67202

Re: Proposed Terms for Transaction

Dear Mr. Wilmoth and Mr. Chesney:

GridLiance, through its subsidiary, South Central MCN LLC (South Central) and Kansas Power Pool (KPP) have been exploring a potential transaction regarding the development and purchase of the City of Winfield's (Winfield) transmission facilities (as further described below, the Transaction). To facilitate this, on April 4, 2018, South Central, KPP and Winfield entered into a letter agreement providing for exclusive negotiations concerning the Transaction (Exclusivity Letter).¹

This letter agreement (Agreement) describes certain terms and conditions regarding the Transaction and the Notice To Construct transmission upgrade project as described herein (NTC Project). As part of the transaction, the Parties intend to provide Winfield with an acceptable annual revenue amount and responsibilities as joint transmission owner.

- 1) Acquisition of Assets and Purchase Price. At the closing of the Transaction (the Closing), South Central will acquire an undivided []% interest in the existing Winfield transmission assets (the Assets)², free and clear of all encumbrances. Closing will be subject to the satisfaction of the conditions described in this Agreement.
- 2) Joint Ownership. Within 30 days of execution of the Definitive Agreement (as defined below), but effective upon the Closing Date, South Central and Winfield will enter into a Joint Ownership Agreement (JOA), substantially similar to South Central's *pro forma* JOA, for the ownership, maintenance, and operation of the Assets and pursuant to which South Central shall be the exclusive agent for planning and operating the Assets.

¹ In this Agreement, South Central, KPP and Winfield are sometimes referred to as a Party and collectively as the Parties.

² The Assets include approximately 30 miles of 69 kV transmission line and related transmission equipment within the substations.

- 3) Purchase Price. The purchase price (Purchase Price) will be equal to the net book value of the Assets at the time of Closing.
- 4) Deposit. Within three (3) Business days following the execution of the Definitive Agreement, South Central will pay to Winfield by electronic funds transfer \$[•] (the Deposit). The Deposit will be applied towards the Purchase Price at Closing. In the event the Definitive Agreement is terminated, Seller shall promptly return the Deposit to Buyer.
- 5) Community Contribution. In addition to the Purchase Price, South Central or its affiliate will commit to support the community of Winfield and its economic development initiatives through contributions to Winfield's Economic Development Fund or other funds/public uses (as determined at the sole discretion Winfield) of:
 - (a) \$[•], which amount shall be paid annually in [•] equal installments of \$[•], with the first payment due at the Closing;
 - (b) \$[•], which amount shall be paid annually in [•] equal installments of \$[•], with the first payment due at the commercial operation date of the NTC Project;
 - (c) \$[•], which amount shall be paid annually in [•] equal installments of \$[•], with the first payment due at the commercial operation date of an identified maintenance capital expenditure project known as the "river crossing improvements"; and
 - (d) \$[•], which amount shall be paid annually in [•] equal installments of \$[•], with the first payment due at the commercial operation date of a greenfield capital expenditure project for the construction of transmission line(s) and facilities creating a new interconnection between the Assets and the Westar Energy Inc. transmission system.
- 6) Assignment of the NTC from KPP. As promptly as practicable after the execution of this Agreement, KPP and South Central shall enter into an Assignment Agreement, with acknowledgement from Winfield, pursuant to which, KPP shall agree to assign to South Central an undivided [•]% ownership interest in the upgrade of a portion of the Assets, specifically, the 69 kV transmission line and associated equipment from Winfield's Tie Substation to Westar Energy Inc.'s Rainbow Substation, as further described in that certain Southwest Power Pool (SPP) Notice to Construct dated February 27, 2018 No. 200479 issued to KPP (the NTC Project). In connection with the Assignment Agreement, South Central and KPP will enter into a JOA, substantially similar to South Central's *pro forma* JOA, for the development, construction, operation, and maintenance of the NTC Project and pursuant to which South Central will be the construction and operating agent (Operator) for the NTC Project.
- 7) Franchise Agreement: At Closing, South Central and Winfield will enter into a Franchise Agreement (the Franchise Agreement) pursuant to which South Central will pay Winfield an amount annually equal to five percent (5%) of the net book value of South Central's *pro rata* share of the Assets (the Franchise Payments) for the right, privilege, franchise, permission and authority to construct, maintain, extend and operate the Assets and the NTC Project, in through and along Winfield's rights-of-way; provided that the Franchise Payments, and timing and amounts thereof, shall be contingent upon South Central's receipt of all necessary state and federal regulatory

approvals, including those approvals required to include the Franchise Payments in its formula rate.

- 8) Operations & Maintenance. South Central, as operating agent, will enter into an Operations & Maintenance Agreement (O&M Agreement) with Winfield for the operation and maintenance of the Assets and the NTC Project with pricing and other terms consistent with South Central's standard form of O&M Agreement, inclusive of a market-based mark-up cost of 15%, provided that the market-based mark-up cost shall be contingent upon South Central's receipt of all necessary state and federal regulatory approvals, including those approvals required to include such cost in its formula rate.

- 9) Proposed Definitive Agreement. As promptly as practicable after the execution of this Agreement, South Central and Winfield shall negotiate a definitive asset purchase agreement (the Definitive Agreement) relating to South Central's acquisition of the Assets, to be drafted by South Central's counsel. The Definitive Agreement would include the terms summarized in this Agreement and such other representations, warranties, conditions, covenants, indemnities and other terms that are customary for transactions of this kind and are not inconsistent with this Agreement. South Central and Winfield shall also commence to negotiate ancillary agreements to be drafted by South Central's counsel, including, to the extent applicable, (i) bill of sale, (ii) one or more easement agreements, (iii) assignment and assumption agreement, and (iv) such other agreements as may be necessary or appropriate in connection with the Transaction.

- 10) Closing. The Closing of the purchase of the Assets will occur as soon as practicable after the satisfaction or waiver of the Closing conditions set forth in the Definitive Agreement, including, among other things:
 - (a) Receipt of necessary approvals by and for SPP to assume functional control of the Assets;
 - (b) Receipt of all necessary approvals from the Kansas Corporation Commission for the transaction, including authority to operate as a public utility and grant of a certificate of public convenience and authority;
 - (c) Receipt by South Central of required FERC approvals, including (i) approval of the acquisition pursuant to Section 203 of the Federal Power Act (FPA), (ii) authorization under Section 204 of the FPA to issue such securities or assume such liabilities as guarantor as may be required by South Central's financing parties, (iii) any required approvals of South Central's financing parties, and (iv) the acceptance and effectiveness of rates under Section 205 of the FPA, subject to refund and further proceedings, which approvals must be satisfactory to South Central;
 - (d) If applicable, regulatory approvals sufficient to qualify the Assets for zonal allocation into the Westar Energy transmission pricing zone including approval of SPP's 205 filing;
 - (e) The assignment to South Central of any existing agreements required to own, operate, and maintain the Assets or, alternatively, South Central's execution of a new maintenance agreement in lieu of any existing agreements;

- (f) Completion by South Central of any applicable North American Electric Reliability Corporation (NERC) registration required for South Central to own the Assets;
 - (g) Entry into mutually acceptable attachment and/or access agreement(s) between South Central and Winfield that are necessary to operate the Assets and are set forth in the Definitive Agreement;
 - (h) Release of any lien or other encumbrance affecting the Assets prior to Closing;
 - (i) Customary operational, environmental, accounting and title due diligence;
 - (j) If applicable, the receipt of all necessary approvals and consents from South Central's financing parties;
 - (k) Completion, execution, and acceptance by SPP and FERC of the Assignment or Novation Agreement, and
 - (l) No material adverse change to the Assets during the period between the execution date and the Closing.
- 11) NERC Compliance. NERC compliance requirements (if any) for the Assets will be described in the JOA and will be the responsibility of South Central. Expenses related to ongoing NERC compliance will be allocated among the Parties relative to their *pro rata* ownership share of the Assets or the NTC Project as set forth in each applicable JOA; provided that South Central shall be solely responsible for the liability for any penalties or sanctions that may be assessed by the applicable regional entity, NERC or FERC against South Central so long as it is Operator, including penalties or sanctions for violations of requirements for the implementation of the various programs required by FERC, NERC or applicable regional entity standards.
- 12) Term. This offer will remain in effect for sixty (60) days, unless accepted or rejected by Winfield and/or KPP, or withdrawn by South Central prior to that time.
- 13) Due Diligence. From and after the date this Agreement, Winfield will authorize its management to allow South Central and its advisors full access to the facilities, records, key employees and advisors for the purpose of completing South Central's due diligence review. The due diligence investigation will include, but is not limited to, a complete review of the financial, legal, tax, accounting (including the net book value of the Assets), environmental and contractual agreements or assumptions related to the Assets or the business of Winfield, and any other matters as South Central's accountants, tax and legal counsel, and other advisors deem relevant.
- 14) Miscellaneous.
- (a) Expenses. Each Party shall pay its own costs for all consulting, legal, accounting fees and other expenses incurred by it in connection with the preparation, negotiation, execution and delivery of this Agreement.

- (b) Assignment. Any assignment of this Agreement by any Party shall be null and void without the express written consent of the other Parties.
- (c) Public Statements. No Party shall issue any press release or otherwise make any similar broadly issued public statements regarding this Agreement or the transactions contemplated hereby without prior approval of the other Parties. In the event of any such approved press release or other public statement, the Party desiring to make the press release or public statement will first provide a proposed draft to the other Parties with reasonable prior notice before such statement will be issued and will accommodate changes to such proposed press release or public statement as are reasonably requested by the other Parties.
- (d) Confidentiality. Except to the extent required by law, including, but not limited to, the provisions of the Kansas Open Records Act, this Agreement is confidential to the Parties and their representatives (including prospective lenders) and is otherwise subject to the confidentiality agreement entered into between South Central and Winfield on July 25, 2016 (as may be amended, supplemented, or extended from time to time), and the Co-Development Agreement entered into between South Central and KPP on June 7, 2016, each of which shall continue in full force and effect.
- (e) No Third-Party Beneficiaries. Except as specifically set forth or referred to herein, nothing herein is intended or shall be construed to confer upon any person or entity other than the Parties and their successors or assigns, any rights or remedies under or by reason of this Letter.
- (f) Entire Agreement. This Agreement and the Exclusivity Letter constitute the entire agreement of the Parties regarding the matters contemplated herein and, together, supersede any prior agreement or understanding between the Parties, whether written or oral. To the extent there is a conflict between this Agreement and the Exclusivity Letter, this Agreement shall control.
- (g) No Binding Agreement. This Agreement reflects the intention of the Parties, but for the avoidance of doubt neither this Agreement nor its acceptance shall give rise to any legally binding or enforceable obligation on any Party, except with regard to Paragraphs 13 through 14 hereof. No contract or agreement providing for any transaction involving the Assets shall be deemed to exist between Winfield and South Central and any of its affiliates unless and until a final definitive agreement has been executed and delivered, which final definitive agreement will be subject to the approval of the applicable governing bodies of each Party.
- (h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.
- (i) Headings. The headings of the various sections of this Agreement have been inserted for reference only and shall not be deemed to be a part of this Agreement.

[Signature Page Follows]



Please indicate your agreement to the terms of this Letter Agreement by signing and returning an executed counterpart to me.

Sincerely,

South Central MCN LLC

By: _____
J. Brett Hooton
President



Accepted and agreed as of _____, 2018

THE KANSAS POWER POOL, A MUNICIPAL ENERGY AGENCY

By: _____
Mark Chesney
General Manager and Chief Executive Officer



Accepted and agreed as of _____, 2018:

CITY OF WINFIELD

By: _____
Jeremy Wilmoth
City Manager



Request for Commission Action

Date: June 14, 2018

Requestor: Brenda Peters

Action Requested: Consider re-appointment of Kaydee Riggs-Johnson to the Convention & Tourism Committee; consider appointments of Charissa Wall and Roxann Taylor to the Winfield Housing Authority.

Analysis: Kaydee's previous term on the C&T Committee expires in 2018. I have had confirmation from her that she would like to continue to serve on the committee. Charissa Wall and Roxann Taylor would be two new appointments to the Winfield Housing Authority.

Fiscal Impact: None

Attachments: None